



# Annual and Special Shareholder Meeting

May 7, 2015

# Disclaimer

## **FORWARD-LOOKING INFORMATION**

*This presentation may contain certain statements or disclosures relating to Western Energy Services Corp. ("Western") that are based on the expectations of its management as well as assumptions made by and information currently available to Western which may constitute forward-looking information under applicable securities laws. All such statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that Western anticipates or expects may, or will occur in the future (in whole or in part) should be considered forward-looking information. In some cases, forward-looking information can be identified by terms such as "forecast", "future", "may", "will", "expect", "anticipate", "believe", "potential", "enable", "plan", "continue", "contemplate", "pro-forma", or other comparable terminology.*

*Forward-looking information contained in this presentation includes, among other things, the 2015 Budgeted Capital Expenditures and statements relating to future dividends. Completing those anticipated expenditures and the payment of future dividends assumes that Western's cash flow will be sufficient and is subject to known and unknown risks, uncertainties and other factors that could influence Western's actual results and cause actual results to differ materially from those stated, anticipated or implied in the forward-looking information. As such, readers are cautioned not to place undue reliance on the forward-looking information, as no assurance can be provided as to future results, levels of activity or achievements. The risks, uncertainties, material assumptions and other factors that could affect actual results are discussed in more detail in Western's Annual Information Form and other documents available at [www.sedar.com](http://www.sedar.com). and include risks associated with the oil and gas industry and demand for drilling rigs and oil and gas services.*

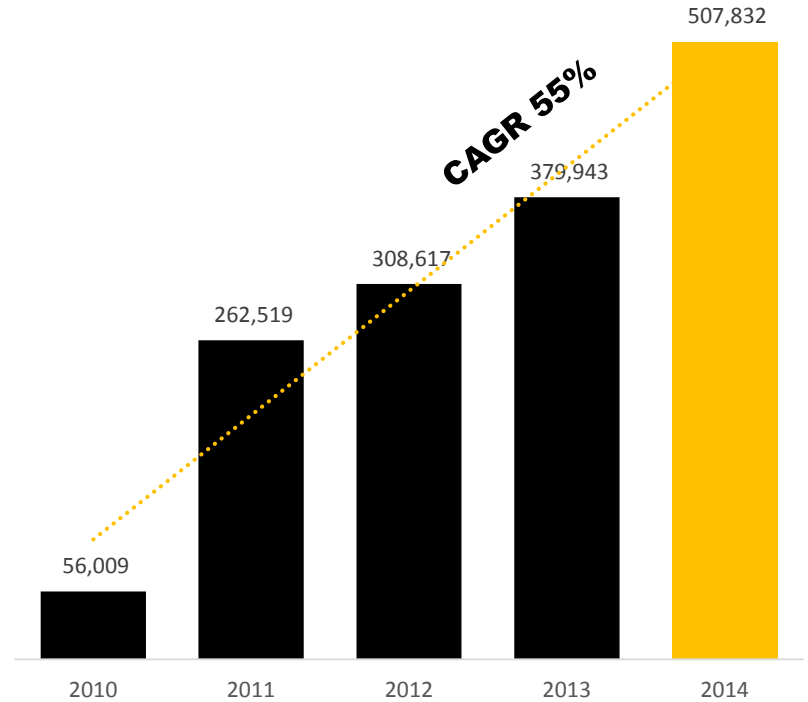
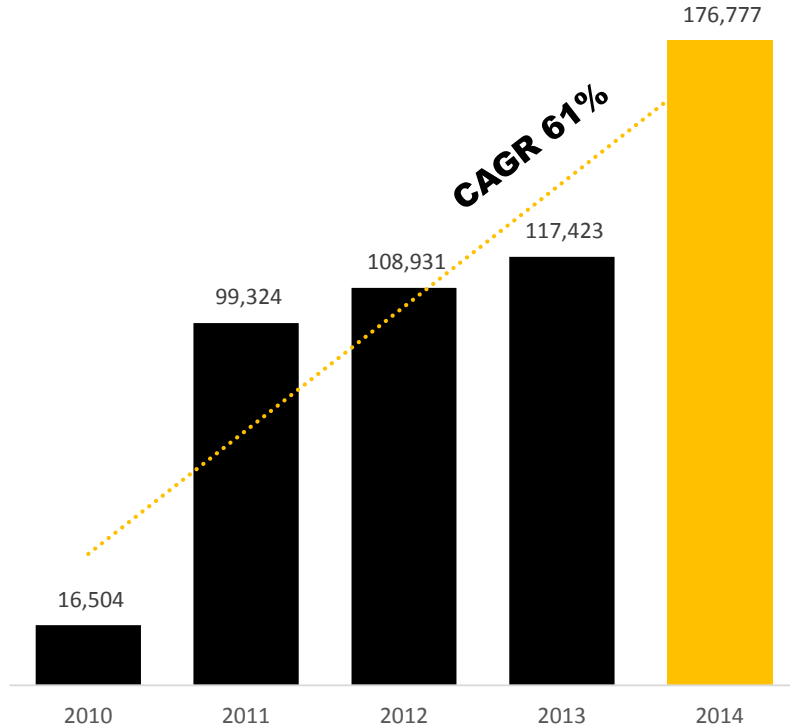
*Past performance of Western referred to in this presentation is shown for illustrative purposes only, does not guarantee future results of Western and is not meant to forecast, imply or guarantee the future performance of Western, which will vary.*

*The forward-looking information is made as of the date of this presentation and Western does not undertake any obligation to update or revise any of the included forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. The forward-looking information contained in this presentation is expressly qualified by this cautionary statement.*

# Strength in our Numbers

EBITDA  
(\$000's)

Total Revenue  
(\$000's)



# Financial Highlights

Financial Highlights (Thousands CDN\$)	First Quarter			Year Ended December 31		
	2015	2014	% Change	2014	2013	% Change
Operating Revenue	100,958	149,627	(33%)	474,120	353,124	34%
Gross Margin	47,891	67,629	(29%)	207,231	147,559	40%
Gross Margin as a % of Operating Revenue	47%	45%	4%	44%	42%	5%
Adjusted EBITDA	40,637	59,548	(32%)	176,777	117,423	51%
Adjusted EBITDA as a % of Operating Revenue	40%	40%	-	37%	33%	12%
Net Income	15,294	25,500	(40%)	36,450	35,246	3%
per share (basic)	0.20	0.35	(43%)	0.49	0.51	(4%)
Dividends per share	0.075	0.075	-	0.30	0.30	-
Capital expenditures	17,863	20,129	(11%)	108,604	95,234	14%

# Balance Sheet Overview

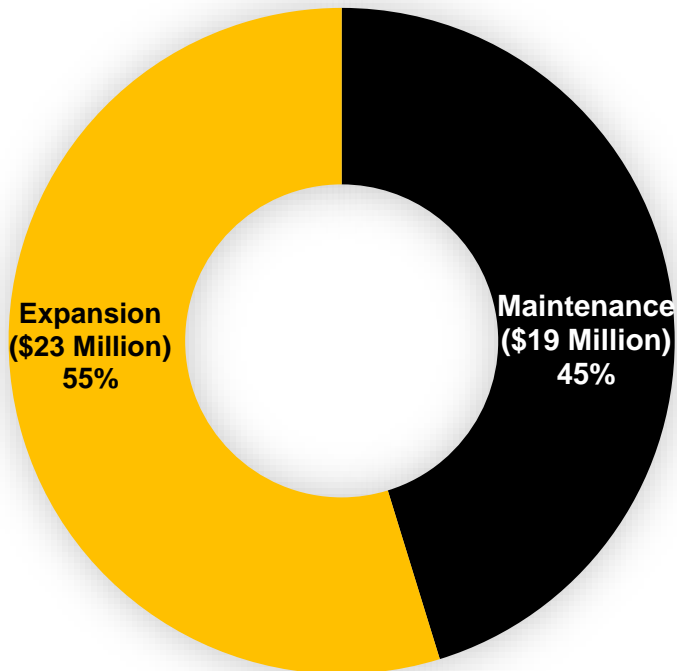
<b>Consolidated Balance Sheet ('000s)</b>	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Cash and other current assets	\$ 135,570	\$ 158,823
Property and equipment	841,576	827,306
Goodwill and other	71,999	70,989
<b>Total assets</b>	<b>\$ 1,049,145</b>	<b>\$ 1,057,118</b>
Current liabilities	\$ 43,270	\$ 80,487
Long term debt and other	265,993	265,984
Deferred taxes	117,124	109,444
<b>Total</b>	<b>426,387</b>	<b>455,915</b>
Shareholders' equity	622,758	601,203
<b>Total liabilities and equity</b>	<b>\$ 1,049,145</b>	<b>\$ 1,057,118</b>

<b>Credit Facility Covenants</b>	<b>Actual March 31, 2015</b>	<b>Covenant</b>
Bank Debt (excluding Senior Notes) to EBITDA Ratio	-	2.5 to 1 or less
Debt to Capitalization Ratio	26%	60% or less
EBITDA to Interest Expense Ratio	7.3	2.0 to 1 or more
<b>Credit Ratings</b>		
Standard & Poor's		B+
Moody's		B1
<ul style="list-style-type: none"> <li>• \$265 million High Yield 7½% Coupon Bonds due January 2019</li> <li>• \$175 million unutilized revolver</li> </ul>		

# 2015 Budgeted Capital Expenditures \$42 Million

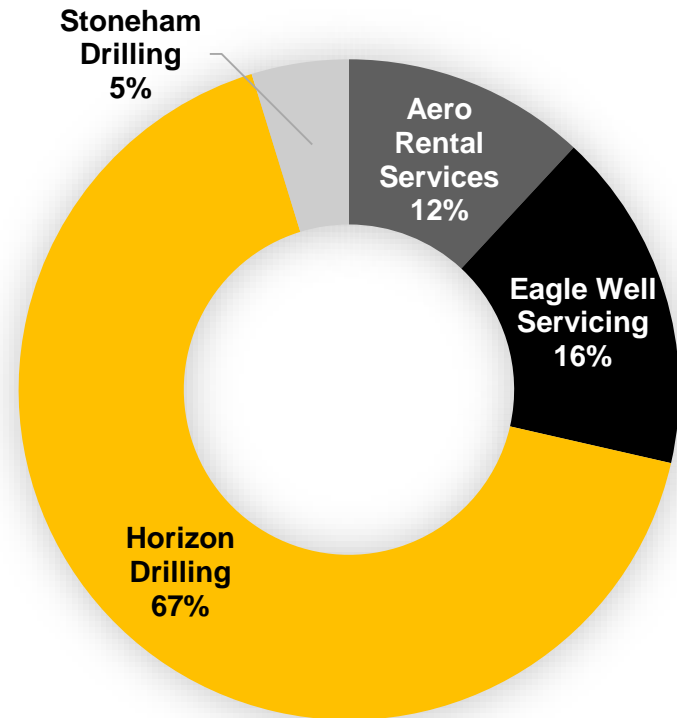
## Consolidated Capital Spending

– Expansion vs. Maintenance



## Consolidated Capital Spending

– By Entity



# Western Today



**52**

*Canadian Based  
Drilling Rigs  
(4 Pad Rigs)*



**5**

*U.S. Based  
Drilling Rigs  
(3 Pad Rigs)*



**66**

*Canadian Based  
Well Servicing Rigs*



**2**

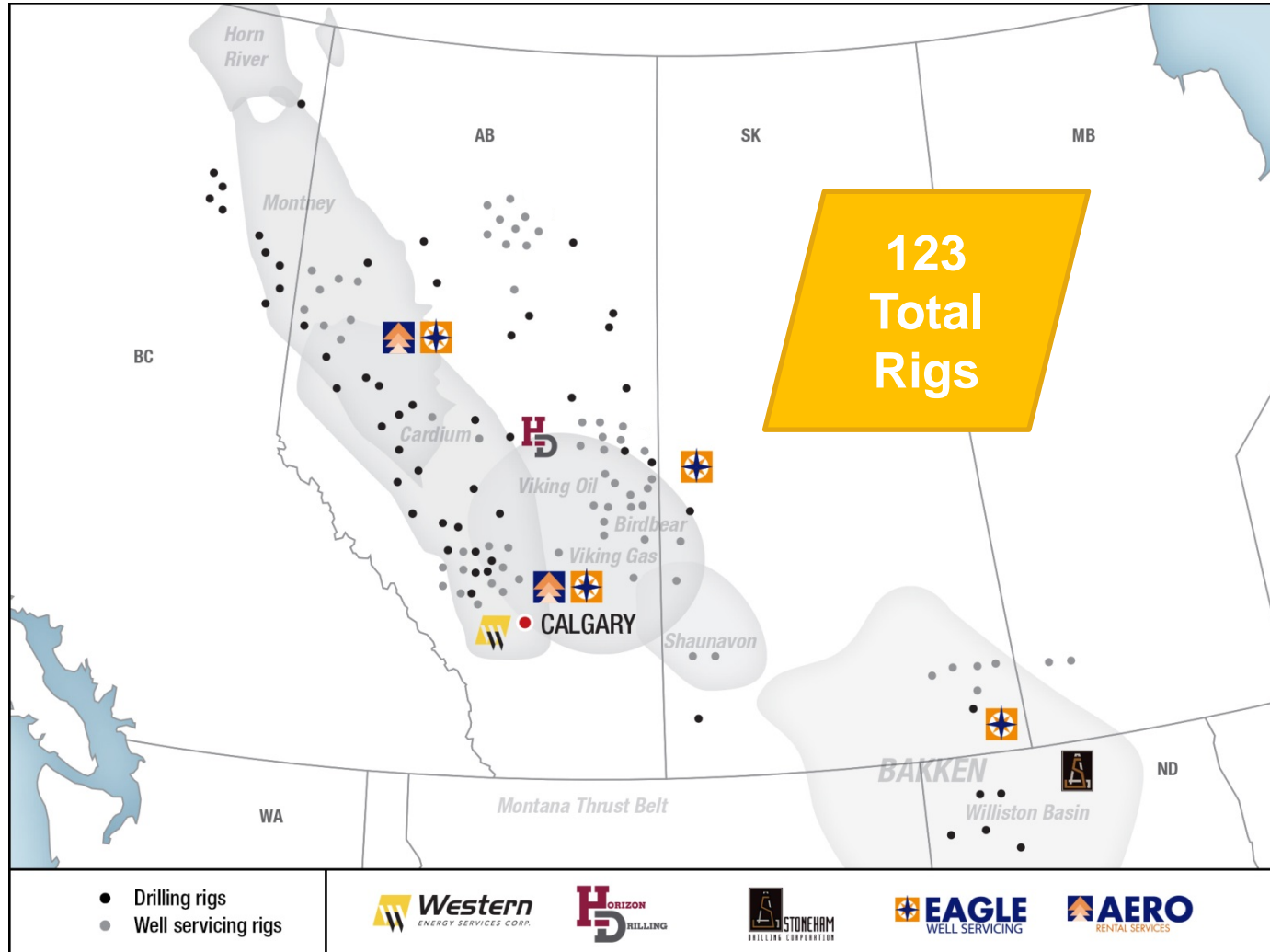
*Canadian Rental  
Equipment Locations*

# Accomplishments Since Last AGM

- Launched 2 Telescopic double Duvernay class rigs
- Commissioned 8<sup>th</sup> slant well servicing rig
- Achieved a number of record wells in our U.S. drilling division
- Improved safety performance
- Implemented Normal Course Issuer Bid

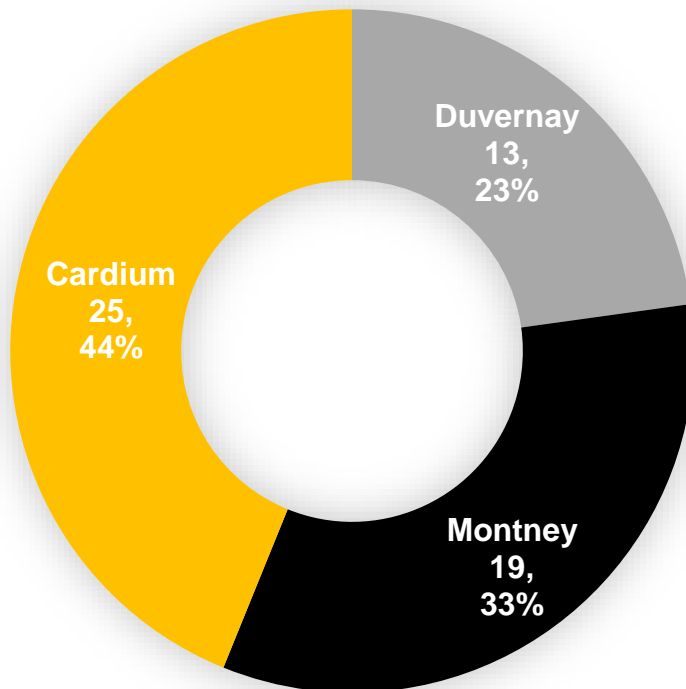


# Geographic Diversity Drives Strong Customer Base

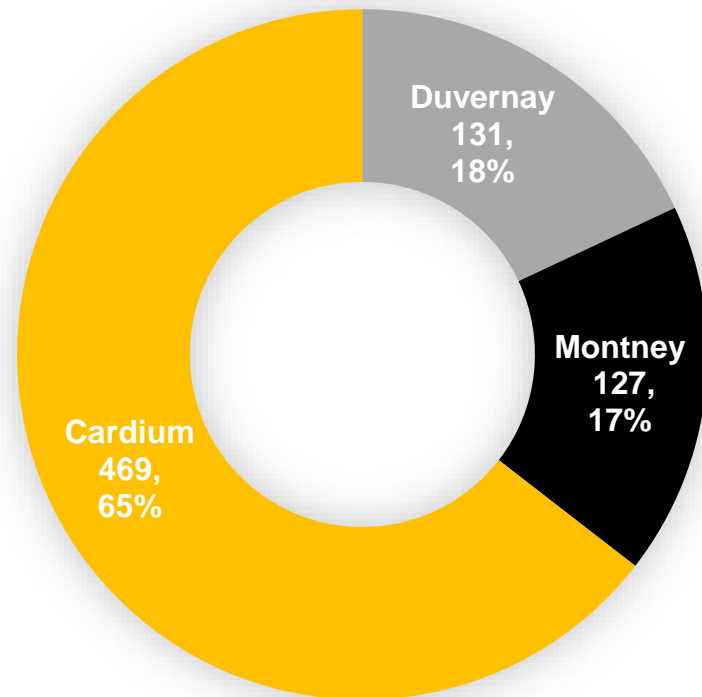


# Drilling Rig Fleet Classification

## Western's Rig Fleet by Class



## Canadian Industry Rigs by Class\*



\* Source: Public Disclosure, CAODC and IHS Reports

# Strategic Initiatives

- Stay financially flexible with a well structured balance sheet
- Remain focused on cost control
- Continue to offer a quarterly dividend
- Respond to strategic initiatives across all divisions
- Ensure safe and efficient operations remain at the forefront of every element of the business
- Continue to focus on enhancing and fine tuning existing business lines for optimum performance

# STRENGTH

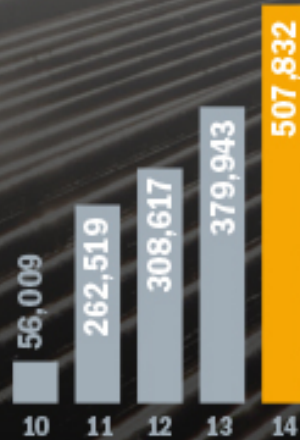
*in our* **NUMBERS**

**55%**

COMPOUND ANNUAL  
GROWTH RATE IN  
REVENUE SINCE 2010

## HISTORICAL REVENUE

\$000's



**61%**

COMPOUND ANNUAL  
GROWTH RATE IN  
EBITDA SINCE 2010

## HISTORICAL EBITDA

\$000's

